



Fact Sheet

Rice

Summary of 1996-2000 Program and Related Information

Statutory Background

The 1996 Farm Bill provides for fixed, but declining transition payments, nonrecourse marketing assistance loans with marketing loan provisions and loan deficiency payments for the 1996-2002 rice crops.

Transition Payment Eligibility

Producers who enrolled in 7-year production flexibility contracts (PFC) during the one-time signup held in 1996 are eligible to receive contract payments. A farm was eligible for enrollment if it had a rice acreage base established for the 1996 crop. Once the farm is enrolled, the crop acreage base becomes contract acres. Farms not enrolled during the one-time signup period are ineligible for program benefits, unless they are currently under a Conservation Reserve Program contract with an associated crop acreage base reduction.

Planting Flexibility

Any commodity or crop may be planted on contract acreage on the farm, except fruits and vegetables (other than lentils, mung beans, and dry peas). However, fruits and vegetables may be grown under the following situations:

1. In any region with a history of double cropping of contract

commodities with fruits and vegetables;

2. On a farm with a history of planting fruits or vegetables, except that the contract payment will be reduced by an acre for each acre planted to a fruit or vegetable on the farm; and
3. By a producer with an established history of planting a specific fruit or vegetable, except that the area planted may not exceed the producer's average annual plantings in the 1991-1995 crop years (excluding any year with no plantings) and that the contract payment will be reduced by an acre for each acre planted to the fruit or vegetable.

Production Flexibility Payments

For each of the 1996-2002 crops of rice, the 1996 Farm Bill allotted a fixed amount of funds to holders of rice PFCs. The funds allocated to rice by fiscal year (FY) are:

FY 1996	\$471,779 million
FY 1997	\$464,610 million
FY 1998	\$499,760 million
FY 1999	\$483,074 million
FY 2000	\$443,011 million
FY 2001	\$358,311 million
FY 2002	\$347,978 million

Rice PFC payment rates are based on the eligible contract quantities that are computed by multiplying a

producer's rice contract acres times the rice program yield on the farm times 0.85. Actual payment rates for FY 1996 through FY 2000 and estimated payment rates for FY 2001 to 2002 are listed in the table below.

Payment Rates For Rice: FY 1996 - 2002 ^{1/} (\$ per cwt)			
Fiscal Year	PFC Payments	Additional Payments ^{1/}	Total Payments
1996	2.77	—	2.77
1997	2.71	—	2.71
1998	2.92	1.45	4.37
1999	2.82	2.82	5.64
2000	2.60	2.82	2.60
2001	2.10	—	2.10
2002	2.00	—	2.00

^{1/} Actual payments for FY 1996-2000.
Estimated payments for FY 2001 - 2002.

Additional Payments to Holders of PFCs

The Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, provided additional payments of \$2.857 billion to PFC holders for the FY 1998 contract period, of which \$248 million was allocated to rice PFC holders. The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Act, 2000, provided additional payments of \$5.544 billion to PFC holders for the FY 1999 contract period, of which about \$475 million was allocated to rice PFC holders.

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The Agricultural Risk Protection Act of 2000 provided additional payments to 2000-crop rice PFC holders at the same rate as was paid on the 1999 crop. These payments are to be made between September 1 and September 30, 2000. The payment rates applicable to the additional payments are listed in the table above.

Marketing Assistance Loan and Loan Deficiency Payment Programs

Program Overview

The marketing assistance loan program provides loans to eligible producers on rough rice provided as loan collateral at farm or warehouse locations. Producers are allowed to deliver the rice to the Commodity Credit Corporation (CCC) upon maturity of the loan as full repayment of the loan obligation. These loans assist producers to extend marketing periods and stabilize prices. A reduced repayment provision, when applicable, helps U.S. rice prices remain competitive in world markets.

A loan deficiency payment (LDP) is a payment made to a producer who, although eligible to obtain a marketing assistance loan, agrees to forgo the loan in return for the LDP. For the 2000 crop only, the Agricultural Risk Protection Act of 2000 extended eligibility to receive LDPs for contract commodities to producers on a farm not enrolled in a PFC. LDPs are not available for rice previously pledged as collateral for a price support loan. Further, an

LDP payment is available only when the adjusted world price is below the loan rate.

For the 1999 through 2002 crops of rice, marketing certificates will be available for producers to purchase and exchange for outstanding marketing assistance loan collateral on or before the loan maturity date.

Eligible Producer

A producer is eligible to receive a marketing assistance loan if the producer shares in the risk of producing the rice on a farm with a PFC and has beneficial interest in the rice for which the loan is requested. [For more information on beneficial interest see Farm Service Agency's (FSA) fact sheet titled: Beneficial Interest Requirements for Loans and Loan Deficiency Payments (LDP), Excluding Sugar and Tobacco. This fact sheet is available on the Internet at <http://www.fsa.usda.gov/pas/publications/facts/pubfacts.htm>]

Only rice owned by the producer is eligible, and loans must be repaid before the rice is sold or beneficial interest of the producer terminates. Also, the farm must have an approved PFC. Approved cooperatives may obtain loans on behalf of their eligible producer members.

Acreage Certification Requirement

Producers are required to certify the acreage of crops for which marketing assistance loan or LDP benefits will be requested. The final

date to certify rice acreage is the July 15 prior to harvest.

Eligibility: Rice Quality Requirements

Rice (*Oryza Sativa* L.) must meet the definition for rough rice provided in the *United States Standards for Rice* and must have been produced in 2000. Grains referred to as wild rice (*Zizania aquatica* L.) are ineligible.

Aromatic rice (such as Jasmine varieties) must be pledged under a loan agreement separate from nonaromatic rice and stored separately from nonaromatic rice. When aromatic rice is delivered to CCC, it must be delivered to a CCC-approved facility that is able and willing to store such rice on an identity preserved basis, i.e., aromatic rice may not be commingled with nonaromatic rice. Producers shall not receive any credit for expenses incurred in the delivery of aromatic rice to storage.

Loan Rate

The national average loan rate for the 2000-2002 crops of rough rice is \$6.50 per hundredweight (cwt). To achieve this national average rate and provide rate adjustments for different classes and qualities of rice, separate loan rates are provided for whole and broken milled rice kernels. For 2000-crop rice, the whole kernel loan rates per pound are 10.71 cents for long grain and 9.71 cents for medium and short grain. The broken kernel rate is 5.35 cents per pound.

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Additionally, discounts apply to rice that is U.S. Grade #3 or lower and rice that contains smut. These discounts apply uniformly across all regions.

Farm And Warehouse Stored Loan Rates

Loan rates for farm-stored rice (or rice for which the grade and milling yield are not determined) are based on state average grade and milling qualities for the prior 5 years. The farm-stored marketing assistance loan rates for 2000-crop rough rice are:

	Long Grain (\$/cwt)	Medium Grain (\$/cwt)	Short Grain (\$/cwt)
Arkansas	6.65	6.28	6.16
California	6.53	6.08	6.16
Louisiana	6.58	6.12	6.16
Mississippi	6.53	6.12	6.16
Missouri	6.62	6.12	6.16
Texas	6.91	5.88	6.16
Other-USA Avg	6.66	6.12	6.16

Loan rates for warehouse-stored rice are based on class, quality, and milling yield determinations obtained from grading and milling a sample of the individual lot of rice. The milling quality of rice refers to the quantity of milled whole kernels and milled broken kernels that result when a sample of rough rice is well milled. As the share of whole kernels increases, the milling quality is deemed to be higher. The following example assumes that the milling of 1 cwt of long grain rough rice yields 55 pounds of whole kernels, 15 pounds of broken kernels, and 30 pounds of hulls and bran (for which no loan value is

provided). The loan value for long grain rough rice of this milling quality would be calculated as follows:

55 lbs whole x 10.71 cents/lb = \$5.89
15 lbs broken x 5.35 cents/lb = 0.80
Loan value per cwt rough rice \$6.69

Applicable discounts may be applied to this rate for grade or smut. Costs associated with storing rice while under loan are the responsibility of the producer.

Discounts for Grade and Smut

Loan rates are subject to discounts for grade and smut content. Grade definitions are administered by the Grain Inspection, Packers and Stockyards Administration. United States standards for rough rice may be found on the Internet at <http://www.usda.gov/gipsa/strulreg/standard/rice.htm> Discounts for grade (per cwt of rough rice) are 30 cents for Grade #3, 60 cents for Grade #4, \$1.00 for Grade #5, and \$2.00 for Grade #6. Sample grade rice is discounted by \$2.00 per cwt and may be subject to additional discounts.

Discounts for smut content (per cwt of rough rice) are 5 cents for 0.1 to 1.0 percent smut; 10 cents for 1.1 to 2.0 percent smut; and 15 cents for 2.1 to 3.0 percent smut. Rice that contains more than 3.0 percent smut is referred to as smutty rice and is considered low quality rice for determining loan eligibility. Low quality rice is eligible for loan at a rate equal to 20 percent of the loan value. Because smutty rice is loan

eligible under provisions for low quality commodities, LDPs are available to producers at the same rate as commodities without low quality.

Availability Period and Maturity

Loans and LDPs are available upon harvest of the rice through May 31 of the following calendar year. Loans generally mature not later than the last day of the 9th calendar month after the month in which the loan was disbursed. Loans may be repaid at any time before the loan maturity date. Loans mature on demand, that is, may be called or required to be repaid, if conditions of the loan agreement are not maintained throughout the period of the loan.

Loan Repayment And Settlement

A marketing assistance loan can be:

1. repaid at the lower of the loan rate, plus accumulated interest, or the adjusted world price of rice, or
2. settled in full upon maturity by delivering to CCC the rice provided as collateral for the loan.

When the adjusted world price is below the loan rate and a producer repays the loan at this lower price, the difference between the adjusted world price and the loan rate is called the marketing loan gain (MLG) rate. Rice loans repaid after loan maturity must be repaid at

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principal, plus interest, except for rice delivered under the CCC 681-1 provisions. Loan repayment provisions under CCC 681-1 provisions are applicable to farm-stored loans only and provide the producer a specified period of time to deliver to a buyer a quantity of the loan commodity before repayment of the loan.

Announcement of World Price, MLG, and LDP Rates

The world price of rice is announced every Tuesday at 3 p.m. Eastern time, along with applicable MLG and LDP rates. If the Tuesday is a Federal holiday or is not a Government workday, the announcement is made on the next workday. Announced world prices and rates are applicable until the next announcement. Producers can obtain these prices and rates from their local FSA office.

If the world price is below the loan rate when the loan is repaid, the producer is allowed to retain the difference between the loan rate and the world price. This retained amount is referred to as the MLG. If the producer elects to forego a loan on a quantity of rice which is otherwise eligible for loan, an LDP may be requested at the MLG rate applicable on the date of the request for the LDP. MLG and LDP rates are calculated and announced separately for long, medium, and short grain rice based on national average qualities of rice and are not adjusted for individual loans.

Loan repayments at a rate less than the loan rate, plus accumulated interest, are not accepted during the 1-hour period preceding the announcement, unless the repayment rate has been locked in using a CCC-697 (an official FSA form titled: Request to Lock in a Market Loan Repayment Rate). Loans repaid at the original loan rate, plus interest, are not subject to this restriction.

The prices, as well as other Agency news releases and media advisories, are available on the World Wide Web at the FSA home page: <http://www.fsa.usda.gov>

Interest Rate

The interest rate charged on loans is based on the rate charged by the U.S. Treasury to CCC, plus 1 percentage point. Any loan outstanding as of December 31 is subject to the January interest rate from January 1 until the loan is repaid.

LDPs for Rice Sold Upon Harvest

Producers may receive LDPs for rice delivered directly from the field to a processor, buyer, warehouse, or cooperative and receive the LDP rate effective on the date of delivery. Request for such payments must be made on or before the date of harvest. Rice quantities included under such requests are not eligible for price support loans, even if the LDP rate on the date of delivery is zero.

Limitation of Loan Gains and LDPs

For the 2000 crop, gains from repayment of one or more loans at a rate lower than the original loan rate and from LDPs may not exceed \$75,000 per person for all marketing assistance loan commodities. The payment limit for MLGs and LDPs was mandated at \$150,000 for the 1999 crop only by the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2000. When a producer is likely to reach the payment limit, commodity certificates may be used to exchange the outstanding loan obligation at or before loan maturity.

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Crop Year	No. Farms Part.	No. of Producers Part.	Base Acres on Part. Farms (000's)	Part. Rate (percent)	Acres Set Aside (000's)	Program Yield (lb/ac)	Deficiency/Contract Payments (million \$) ^{1/}	Diversion Payments (million \$)	Disaster Payments (million \$)	Marketing Loan/Certificates (million \$)
1976	12,930	25,205	1,800	—	—	4,489	126.3	—	0.5	—
1977	N/A	N/A	1,800	—	—	4,602	—	—	3.9	—
1978	11,491	23,773	1,800	—	—	4,589	58.1	—	0.7	—
1979	N/A	N/A	1,800	—	—	4,591	—	—	1.3	—
1980	17,606	39,156	1,800	—	—	4,586	—	—	2.2	—
1981	11,755	22,773	1,800	—	—	4,589	21.6	—	0.3	—
1982	13,723	25,856	3,092.5	77.9	422.4	4,825	267.2	—	—	—
1983	19,527	32,152	3,858.4	97.7	1,825.6	4,889	233.0	23.0	—	—
1984	15,675	29,307	3,517.3	84.6	812.4	5,001	380.2	—	—	—
1985	19,180	32,881	3,814.5	90.1	1,259.0	5,036	374.8	92.8	—	287
1986	19,432	31,901	3,977.7	93.6	1,479.1	4,716	494.8	—	—	388
1987	19,917	32,953	3,998.3	95.6	1,565.9	4,680	544.8	—	—	200
1988	18,802	29,372	3,910.1	94.1	1,087.9	4,859	555.3	—	6.7	63
1989	18,575	27,169	3,905.8	93.7	1,183.6	4,864	456.3	—	7.9	94
1990	18,221	29,625	3,890.1	93.7	1,022.5	4,849	555.2	—	3.7	181
1991	18,442	29,329	3,947.4	95.0	654.1	4,849	458.3	—	11.0	84
1992	18,519	30,366	3,989.1	96.4	446.0	4,843	613.4	—	4.2	288
1993	18,455	30,383	3,999.9	96.5	481.3	4,850	570.1	—	15.5	270
1994	18,109	29,934	3,969.1	95.4	258.5	4,863	557.9	—	—	117
1995	17,824	28,406	3,962.0	94.7	476.8	4,860	471.4	—	—	—
1996	22,382	32,481	4,157.9	99.6	—	4,818	455.2	—	—	—
1997	22,930	34,465	4,157.2	—	—	4,816	448.3	—	—	—
1998	23,401	35,118	4,165.8	—	—	4,817	716.8	—	—	14
1999	24,115	35,459	4,152.5	—	—	4,815	931.9	—	—	395
2000 ^{2/}	N/A	N/A	N/A	—	—	N/A	896.5	—	—	415

^{1/} For 1996 and after, production flexibility contract payments and market loss assistance payments.

^{2/} Forecast as of July 12, 2000. 2000 crop program data is not available as of publication of this document.

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RICE PROGRAM SUMMARY (cont.) ^{1/}									
Crop Year	Target Price (\$/cwt)	Loan Rate (\$/cwt)	Payment Rate ^{2/} (\$/cwt)	Loan Placements (mil. cwt)	CCC Stocks (mil cwt)	Planted Area (thous. acres)	Harvested Area (thous. acres)	Production (mil cwt)	Value of Production (million \$)
1976	8.25	6.19	1.70	23.4	18.7	2,489	2,480	115.6	811.4
1977	8.25	6.19	0.00	19.5	10.8	2,261	2,249	99.2	941.2
1978	8.53	6.40	0.78	27.1	8.4	2,993	2,970	133.2	1,087.0
1979	9.05	6.79	0.00	25.9	1.8	2,890	2,869	131.9	1,384.0
1980	9.49	7.12	0.00	25.0	0.0	3,380	3,312	146.2	1,873.0
1981	10.68	8.01	0.28	42.8	10.6	3,827	3,792	182.7	1,654.4
1982	10.85	8.14	2.71	65.2	22.8	3,295	3,262	153.6	1,246.6
1983	11.40	8.14	2.77	40.0	17.5	2,190	2,169	99.7	1,234.0
1984	11.90	8.00	3.76	57.8	42.1	2,830	2,802	138.8	1,119.4
1985	11.90	8.00	3.90	74.7	37.9	2,512	2,492	134.9	893.4
1986	11.90	7.20	4.70	132.3	8.7	2,381	2,360	133.4	495.5
1987	11.66	6.84	4.82	125.7	0.7	2,356	2,333	129.6	971.2
1988	11.15	6.63	4.31	147.6	0.0	2,933	2,900	159.9	1,091.8
1989	10.80	6.50	3.56	121.9	0.0	2,731	2,687	154.5	1,134.0
1990	10.71	6.50	4.16	143.7	0.0	2,897	2,823	156.1	1,047.2
1991	10.71	6.50	3.07	108.3	0.2	2,884	2,871	159.4	1,213.3
1992	10.71	6.50	4.21	126.1	0.1	3,176	3,132	179.7	1,057.3
1993	10.71	6.50	3.98	30.9	0.0	2,920	2,833	156.1	1,246.9
1994	10.71	6.50	3.79	131.2	0.0	3,353	3,316	197.8	1,336.6
1995	10.71	6.50	3.22	100.9	0.0	3,121	3,093	173.9	1,587.2
1996	—	6.50	2.77	68.9	0.0	2,824	2,804	171.6	1,690.3
1997	—	6.50	2.71	67.6	0.0	3,125	3,103	183.0	1,756.1
1998	—	6.50	4.37	80.2	0.0	3,345	3,317	188.1	1,686.6
1999 ^{3/}	—	6.50	5.64	115.0	0.0	3,581	3,562	210.5	1,283.8
2000 ^{4/}	—	6.50	5.42	110.8	0.0	3,270	3,245	193.5	1,113.0

^{1/} Crop year 2000 data is forecast based on May 2000 WASDE.

^{2/} Payment rate is deficiency payment rate for 976-1995.

For 1996-2000, payment rate is PFC contract payment rate plus market loss assistance payment rate.

^{3/} Estimate

^{4/} Forecast

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RICE: SUPPLY, DEMAND, STOCKS, AND PRICE ^{1/}												
Crop Year	Beg. Stocks	Production	Imports	Supply	Seed Use	Food & Res.	Domestic Use	Exports	Total Use	Ending Stocks	Stocks-To-Use	Farm Price
					—million hundredweight—						(percent)	(\$/cwt)
1976	36.9	115.6	0.0	152.5	3.2	43.3	46.5	65.6	112.0	40.5	36.1	7.02
1977	40.5	99.2	0.1	139.8	4.3	35.3	39.6	72.8	112.4	27.4	24.4	9.49
1978	27.4	133.2	0.1	160.7	4.3	49.1	53.4	75.7	129.1	31.6	24.5	8.16
1979	31.6	131.9	.01	163.6	4.8	50.5	55.3	82.6	137.9	25.7	18.6	10.50
1980	25.7	146.2	0.2	172.1	5.1	59.1	64.2	91.4	155.6	16.5	10.6	12.80
1981	16.5	182.7	0.4	199.6	4.4	64.2	68.6	82.0	150.6	49.0	32.5	9.05
1982	49.0	153.6	0.7	203.3	3.2	59.7	62.9	68.9	131.8	71.5	54.2	7.91
1983	71.5	99.7	0.9	172.1	3.3	51.6	54.9	70.3	125.2	46.9	37.5	8.57
1984	46.9	138.8	1.6	187.3	3.1	57.4	60.5	62.1	122.6	64.7	52.8	8.04
1985	64.7	134.9	2.2	201.8	2.9	62.9	65.8	58.7	124.5	77.3	62.1	6.53
1986	77.3	133.4	2.6	213.3	2.9	74.7	77.6	84.2	161.8	51.4	31.8	3.75
1987	51.4	129.6	3.0	184.0	3.6	76.8	80.4	72.2	152.6	31.4	20.6	7.27
1988	31.4	159.9	3.8	195.1	3.4	79.0	82.4	85.9	168.3	26.7	15.9	6.83
1989	26.7	154.5	4.4	185.6	3.6	78.6	82.2	77.1	159.3	26.3	16.5	7.35
1990	26.3	156.1	4.8	187.2	3.6	88.8	92.4	70.2	162.6	24.6	15.1	6.68
1991	24.6	159.4	5.3	189.3	4.1	92.1	96.2	65.6	161.9	27.4	16.9	7.58
1992	27.4	179.7	6.2	213.2	3.6	91.9	95.5	78.3	173.8	39.4	22.7	5.89
1993	39.4	156.1	6.9	202.5	4.1	97.4	101.5	75.2	176.7	25.8	14.6	7.98
1994	25.8	197.8	8.0	231.6	3.9	98.4	102.2	98.1	200.3	31.3	15.6	6.78
1995	31.3	173.9	7.7	212.8	3.5	102.1	105.6	82.2	187.8	25.0	13.3	9.15
1996	25.0	171.6	10.5	207.1	3.9	98.8	102.7	77.2	179.9	27.2	15.1	9.96
1997	27.2	183.0	9.2	219.4	4.1	100.5	104.6	86.9	191.5	27.9	14.6	9.70
1998	27.9	188.1	10.5	226.5	4.4	114.7	119.1	85.3	204.4	22.1	10.8	8.89
1999	22.1	210.5	10.8	243.3	4.0	112.6	116.6	89.0	205.6	37.7	18.3	6.15
2000	37.7	193.5	11.0	242.2	3.9	115.5	119.4	88.0	207.4	34.8	16.8	5.75

^{1/} Crop year 2000 data is forecast based on July 2000 WASDE.